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Attorneys for Plaintiff

ARCH SPECIALTY INSURANCE COMPANY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

ARCH SPECIALTY INSURANCE
COMPANY,

Plaintiff,

vs.

SKANDIA CONSTRUCTION SERVICES,
INC. and 1515 PARTNERS LLC,

Defendants.

Case No.: '10CV 1764

BTM BLM

COMPLAINT

Plaintiff, Arch Specialty Insurance Company ("Arch"), by its undersigned counsel, for its complaint against defendants, Skandia Construction Services, Inc. ("Skandia") and 1515 Partners LLC ("1515 Partners"), alleges as follows:

CR

Via fax

JURISDICTION AND VENUE

3. Venue is properly placed in the Southern District of California pursuant to 28 U.S.C. § 1391 inasmuch as Skandia and 1515 Partners reside in this district.

5. Upon information and belief, Skandia is a construction company incorporated under the laws of the State of California, with its principal place of business at 2375 Camino Vida Roble, Suite C, Carlsbad, California 92011.

1 6. Upon information and belief, 1515 Partners is a limited liability company
2 organized under the laws of the State of California, with its principal place of business at 2375
3 Camino Vida Roble, Suite C, Carlsbad, California 92011. Upon information and belief, all
4 members of 1515 Partners are citizens of the State of California.
5

6 **THE INSURED**

7 7. Upon information and belief, Skandia and 1515 Partners are, and at all relevant
8 times were, in the business of providing construction services, including remodeling and
9 installing new windows and doors.
10

11 8. Upon information and belief, 1515 Partners purchased the commercial building,
12 Solara Lofts, located at 1551 Fourth Avenue, San Diego, California. Skandia then undertook the
13 process of converting the commercial business building into seventy-seven (77) individual
14 condominium units.
15

16 9. The estimated cost of the renovations/conversion at the time that the Arch
17 Commercial General Liability Policy inception was \$8,000,000.
18

19 **THE INSURANCE POLICY**

20 10. On or about February 28, 2006, Arch issued policy of insurance No. GAC
21 0013426 00 to Skandia and 1515 Partners effective February 28, 2006 to February 28, 2008
22 (Exhibit A).
23

24 11. The Commercial General Liability Policy had a \$2,000,000 occurrence limit,
25 \$1,000,000 personal and advertising injury limit and a \$50,000 deductible.
26

27 12. The Policy provided that Skandia and 1515 Partners were required to pay a
28 \$750,000 deposit premium that was adjustable per the Premium Computation Endorsement
attached to the Policy.

1 13. The Policy, in Section IV — Commercial General Liability Conditions states, in
2 pertinent part, as follows:

3 5. Premium Audit

4 a. We will compute all premiums for this policy in accordance with
5 our rules and rates.

6 b. Premium shown in this policy as advance premium is a deposit
7 premium only. At the close of each audit period we will compute
8 the earned premium for that period and send notice to the first
Named Insured. . . .

9 14. The Policy also attaches a Premium Computation Endorsement that states:

10 This endorsement modifies the insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

11 1. The Deposit Premium set forth in **Item 4** of the Declarations is adjustable,
12 and is only an estimated premium for the Audit Period shown below.

13 The final earned premium for the Audit Period shall be determined as
14 specified in item **5 Premium Audit of SECTION IV - COMMERCIAL**
15 **GENERAL LIABILITY CONDITIONS**. The Audit Premium shall be
16 computed by applying the rate of \$93.75 per each \$1,000 of the Premium
Base However, the final premium calculation for the policy period
shall be no less than the Minimum Retained Audit Premium as stated in
Item 4 of the Declarations.

17 Unless otherwise specified in this Policy, the Audit Period will be the
18 same as the policy period;

19 15. The Premium Computation Endorsement provides that the Premium Base shall be
20 determined by the Total Construction Costs and states that the Estimated Exposures was
21 \$8,000,000.

22 **THE AUDIT**

23 16. Upon completion of Solara Lofts, and pursuant the Policy, audits were conducted
24 on May 19, 2008 and June 24, 2009 to determine the final earned premium.
25

26 17. The auditor found that the actual Total Construction Costs were \$10,777,614.

27 18. Pursuant to the formula set forth in the Premium Computation Endorsement, the
28 auditor computed the final earned premium at \$1,010,401, which exceeded the deposit premium

1 of \$750,000 by \$260,401 (Exhibit B). Accordingly, Skandia and 1515 Partners are obligated to
2 pay to Arch the difference of \$260,401 pursuant to the terms of the Policy.

3 **DEFENDANTS' FAILURE TO PAY THE ADDITIONAL EARNED PREMIUM**

4
5 19. By letter dated September 29, 2009, Arch advised Skandia and 1515 Partners that
6 the outstanding earned premium in the amount \$260,401 was owed and demanded that such
7 amount be paid to Arch by no later than October 20, 2009 (Exhibit C). Skandia and 1515
8 Partners failed to pay the balance due to Arch under the terms of the Policy.

9
10 20. On November 23, 2009, Arch sent a letter to Skandia and 1515 Partners — via
11 certified mail — informing them that the outstanding balance remained unpaid and demanded
12 that payment be made on or before December 7, 2009 (Exhibit D).

13 21. To date, the outstanding balance remains unpaid and Skandia and 1515 Partners
14 have failed to perform their obligation to pay to Arch the additional earned premium under the
15 terms of the Policy.

16
17 22. Despite Arch's satisfaction of all of its obligations under the Policy, Skandia and
18 1515 Partners refuse to fulfill their duty under the contract causing Arch to incur damages in the
19 amount of \$260,401 as well as interest and costs.

20 **COUNT I**
21 **(Breach of Contract)**

22 23. The preceding paragraphs of this Complaint are incorporated by reference herein.

23
24 24. By reason of the foregoing, defendants have breached the Policy, including the
25 Premium Computation Endorsement and Section IV, item 5 of the Commercial General Liability
26 Conditions.

27 25. Accordingly, Arch has been damaged in an amount to be determined by this
28 Court, but not less than \$260,401, with interest and costs thereon.

COUNT II
(Unjust Enrichment)

26. The preceding paragraphs of this Complaint are incorporated by reference herein.

27. It would be unjust for Skandia and 1515 Partners to violate the terms of the Policy and not tender to Arch the additional earned premium of \$260,401 that is due to it.

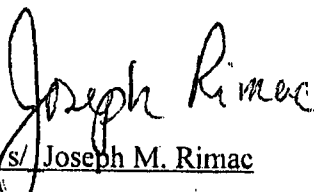
28. By reason of the foregoing, Skandia and 1515 Partners have been unjustly enriched in the amount to be determined by this Court, but not less than \$260,401 with interests and costs thereon.

PRAYER FOR RELIEF

WHEREFORE, Arch prays that this Court enter judgment against defendants as follows:

1. On Count I, judgment against defendants jointly and severally in the sum of \$260,401 plus interest;
2. On Count II, judgment against defendants jointly and severally in the sum of \$260,401 plus interest;
3. Awarding plaintiff the costs and disbursements of this action; and
4. Such other and further relief as the Court may deem necessary and proper.

Dated: August 20, 2010


By: /s/ Joseph M. Rimac
Joseph M. Rimac

Attorneys for Plaintiff
ARCH SPECIALTY INSURANCE COMPANY

EXHIBIT A

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ARCH SPECIALTY INSURANCE COMPANY
(A Wisconsin Corporation)

Home Office Address:
300 First Stamford Place, 5th Floor
Stamford, CT 06902

Administrative Address:
One Liberty Plaza, 53rd Floor
New York, NY 10006
Tel: (800) 817-3252

COMMERCIAL GENERAL LIABILITY POLICY
DECLARATIONS

Policy No.: GAC 0013426 00

Renewal of: NEW.

Effective Date: 02/28/06

Expiration Date: 02/28/08

At 12:01 am standard time at the mailing address of the Named Insured shown below.

Item 1. Named Insured and Producer

Named Insured: SKANDIA CONSTRUCTION SERVICES, INC. & 1515 PARTNERS, LLC AND ALL CONTRACTORS AND SUBCONTRACTORS "ENROLLED" IN THE OWNER OR CONTRACTOR CONTROLLED INSURANCE PROGRAM, AS DESCRIBED IN THE "CONSTRUCTION PROJECT ENDORSEMENT"

Mailing Address: 514 VIA DE LA VALLE
SUITE 300
SOLANA BEACH, CA 92075

Producer: PACIFIC WHOLESALE BROKERS, LLC
Mailing Address: 3500 WEST OLIVE AVENUE
SUITE 900
BURBANK, CA 91505

Surplus Line Producer: PACIFIC WHOLESALE BROKERS, LLC
Mailing Address: 3500 WEST OLIVE AVENUE
SUITE 900
BURBANK, CA 91505

Surplus Lines License Number: 0E16974

Item 2. Named Insured Classified as

<input type="checkbox"/> Individual	<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation	<input type="checkbox"/> Trust
<input type="checkbox"/> Joint Venture	<input checked="" type="checkbox"/> LLC	<input type="checkbox"/> LLP	<input type="checkbox"/> Other

Item 3. Limits of Insurance

Each Occurrence Limit \$ 2,000,000

Personal and Advertising Injury Limit \$ 1,000,000 Any one person or organization

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Damage to Premises Rented to You Limit	\$ N/A	Any one premises Any one premises
Medical Expense Limit	\$ N/A	Any one person
General Aggregate Limit (Other Than Products - Completed Operations)	\$ 2,000,000	
Products - Completed Operations Aggregate Limit	\$ 2,000,000	

Item 4. Policy Premium: \$ 750,000

Deposit Premium: \$ 750,000 ☐ A flat charge per each policy period
☒ Adjustable, per the Premium Computation Endorsement

Minimum Retained Audit Premium: \$ 750,000

Minimum Retained Premium: 35 % of Deposit Premium, not subject to adjustment in the event of cancellation by you.

Item 5. Forms & Endorsements attached: See Schedule of Forms and Endorsements Form 00 ML0012 00 01 03

IN CONSIDERATION OF THE PAYMENT OF PREMIUM AND IN RELIANCE UPON STATEMENTS MADE IN THE APPLICATION, THIS POLICY INCLUDING ALL ENDORSEMENTS ISSUED HEREIN SHALL CONSTITUTE THE CONTRACT BETWEEN THE COMPANY AND THE NAMED INSURED.

Arch Specialty Insurance Company is licensed in the state of Wisconsin only.
 Arch Specialty Insurance Company is not licensed in the state of New York and is not subject to its supervision.

06 CGL0047 00 08 05

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SCHEDULE OF FORMS AND ENDORSEMENTS

NAMED INSURED: SKANDIA CONSTRUCTION SERVICES, INC. & **TERM:** 2/28/2006 to 2/28/2008
1515 PARTNERS, LLC AND ALL CONTRACTORS AND
SUBCONTRACTORS "ENROLLED" IN THE OWNER OR
CONTRACTOR CONTROLLED INSURANCE PROGRAM, AS
DESCRIBED IN THE "CONSTRUCTION PROJECT ENDORSEMENT"
POLICY NUMBER: GAC 0013426 00

ENDT. NO.	FORM NO.	TITLE
	06 CGL0047 00 08 05	COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
	00 ML0012 00 01 03	SCHEDULE OF FORMS AND ENDORSEMENTS
	06 CGL0098 00 07 03	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
	06 ML0002 00 07 03	SIGNATURE PAGE
	02 ML0003 00 08 02	SERVICE OF SUIT
1	00 CGL0127 00 08 04	LIMITED BLANKET ADDITIONAL INSURED ENDORSEMENT DEDUCTIBLE VERSION (NOT INCLUDING PRODUCTS- COMPLETED OPERATIONS)
2	02 CGL0018 00 10 02	INTELLECTUAL PROPERTY EXCLUSION
3	02 CGL0011 00 10 02	EARTH MOVEMENT OR SUBSIDENCE EXCLUSION
4	00 CGL0039 00 12 02	ENGINEERS, ARCHITECTS OR SURVEYORS PROFESSIONAL LIABILITY EXCLUSION
5	00 CGL0016 00 03 04	EXTERIOR INSULATION AND FINISH SYSTEM EXCLUSION
6	00 CGL0226 00 02 06	CROSS LIABILITY EXCLUSION FOR THE PRODUCTS- COMPLETED OPERATIONS HAZARD
7	00 CGL0141 00 03 04	SILICA EXCLUSION
8	00 CGL0092 00 05 03	CHROMATED COPPER ARSENATE ("CCA") EXCLUSION
9	02 CGL0023 00 10 02	TOTAL POLLUTION EXCLUSION
10	00 CGL0086 00 02 03	RADON CONTAMINATION EXCLUSION
11	00 CGL0117 00 12 03	NON-STACKING ENDORSEMENT
12	00 CGL0199 00 04 05	CONVERSION ENDORSEMENT - VERSION II A. AMENDMENT OF EXCLUSION J B. AMENDMENT OF EXCLUSION S
13	00 CGL0059 00 05 04	CONTRACTUAL LIABILITY AMENDATORY ENDORSEMENT - PRODUCTS/COMPLETED OPERATIONS EXCLUSION (DEDUCTIBLE POLICY VERSION)
14	00 CGL0069 00 02 03	APPLICATION AS WARRANTY CONDITION
15	00 CGL0136 00 01 04	SUPPLEMENTARY PAYMENTS REDUCE THE LIMITS OF INSURANCE: DEDUCTIBLE POLICY ENDORSEMENT
16	00 CGL0132 05 03 04	CALIFORNIA CIVIL CODE SECTION 895 - 945.5 PROCEEDINGS LIMITATION ENDORSEMENT
17	00 CGL0110 00 05 05	CONSTRUCTION PROJECT ENDORSEMENT - VERSION I
18	00 CGL0107 00 07 05	PREMIUM COMPUTATION ENDORSEMENT - DEDUCTIBLE POLICY - VERSION I
19	00 CGL0099 00 12 05	DEDUCTIBLE LIABILITY ENDORSEMENT
20	00 CGL0223 00 01 06	EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM
	00 MLT0031 00 02 06	TERRORISM COVERAGE DISCLOSURE NOTICE

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**ARCH SPECIALTY INSURANCE
COMPANY**
300 First Stamford Place, 5th Floor
Stamford, CT 06902

COMMERCIAL GENERAL LIABILITY
06 CGL0098 00 07 03

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V - DEFINITIONS**.

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our sole discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **Section III - Limits Of Insurance**; and

- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under **Coverages A or B** or medical expenses under **Coverage C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Supplementary Payments - Coverages A and B**.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

- (2) The "bodily injury" or "property damage" occurs during the policy period.

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily Injury" or "property damage" expected or intended from the standpoint of the Insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

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(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law(s).

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or

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any person or organization for whom you may be legally responsible; or

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

- (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

- (iii) "Bodily injury" or "property damage" arising out of heat,

smoke or fumes from a "hostile fire".

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
- (a) Less than 26 feet long; and

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- (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) "Bodily Injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily Injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily Injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes but is not limited to; civil war, insurrection, usurped power, rebellion or revolution.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of "your product" or any part of "your product".

l. Damage To Your Work

"Property damage" to "your work" arising out of "your work" or any part of "your work" and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

Exclusions j. through m. do not apply to damage by fire to premises while rented to

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you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III - LIMITS OF INSURANCE.**

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Asbestos

"Bodily injury" or "property damage", including but not limited to, compliance with any action authorized or required by law, which arises out of or would not have occurred, in whole or in part, but for the "asbestos hazard."

As used in this exclusion, "asbestos hazard" means actual, alleged or threatened exposure to asbestos in any manner or form whatsoever, either directly or indirectly, the failure to warn, advise or instruct related to asbestos, the failure to prevent exposure to asbestos, or the presence of asbestos in any place whatsoever, whether or not within a building or structure.

q. Nuclear Liability

"Bodily injury" or "property damage"

- (1) with respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be

an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (3) under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization; or
- (4) under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (a) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (b) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (c) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

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As used in this exclusion:

- (1) "Hazardous properties" includes radioactive, toxic or explosive properties.
- (2) "Nuclear material" means "source material", "Special nuclear material" or "by-product material".
- (3) "Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
- (4) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
- (5) "Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".
- (6) "Nuclear facility" means:
 - (a) Any "nuclear reactor";
 - (b) Any equipment or device designed or used for (I) separating the isotopes of uranium or plutonium, (II) processing or utilizing "spent fuel", or (III) handling, processing or packaging "waste";
 - (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations

conducted on such site and all premises used for such operations. ~~as such operations~~

- (7) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- (8) "Property damage" includes all forms of radioactive contamination of property.

r. Employment Related Practices

Any "bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, act or omissions such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person;
 - (d) Action under Title VII of the 1964 Civil Rights Act and/or any amendments thereto; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of any injury or damage to that person at whom any of the employment-related practices described in Paragraphs (a), (b), (c) or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be held liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

s. Prior Loss

Any "bodily injury" or "property damage", if such injury or damage is a continuation of, or arises out of injury or damage that commenced prior to the inception date of the policy.

t. Fungi, Mold and Mildew

"Bodily injury" or "Property damage" arising out of fungi, including but not

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limited to, mold or mildew, and any microtoxins, spores, scents, vapors, gases, or byproducts produced or released by fungi, regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that liability, damage, loss, cost, expense or other type of obligation.

u. Lead

"Bodily injury" or "property damage", including but not limited to, compliance with any action authorized or required by law, which arises out of, in whole or in part, the ingestion, inhalation, absorption or exposure to lead, either directly or indirectly, in any manner or form whatsoever.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance ; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract.

g. Quality Or Performance Of Goods - Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

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i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under Section V - Definitions.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Fungi, Mold and Mildew

"Personal and advertising injury" arising out of fungi, including but not limited to,

mold or mildew, and any microtoxins, spores, scents, vapors, ~~gases, and~~ byproducts produced or released by fungi, regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that liability, damage, loss, cost, expense or other type of obligation.

o. Employment-Related Practices

"Personal and Advertising Injury" arising out of employment-related practices to:

- (1) A person arising out of any:
 - (a) Refusal to employ;
 - (b) Termination of a person's employment; or
 - (c) Employment-related practices, policies, act or omissions, including but not limited to, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
 - (d) Action under Title VII of the 1964 Civil Rights Act and/or any amendments thereto; or
- (2) any other person as a consequence of any injury or damage to that person at whom any of the employment-related practices described in Paragraphs (a), (b), (c) or (d) above is directed.

This exclusion applies:

- (1) Whether or not the insured may be held liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of any such injury.

p. Asbestos

"Personal and advertising injury", including but not limited to, compliance with any action authorized or required by law, which arises out of or would not have occurred, in whole or in part, but for the "asbestos hazard."

As used in this exclusion, "asbestos hazard" means actual, alleged or

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threatened exposure to asbestos in any manner or form whatsoever, either directly or indirectly, the failure to warn, advise or instruct related to asbestos, the failure to prevent exposure to asbestos, or the presence of asbestos in any place whatsoever, whether or not within a building or structure.

q. Lead

"Personal and advertising injury", including but not limited to, compliance with any action authorized or required by law, which arises out of, in whole or in part, the ingestion, inhalation, absorption or exposure to lead, either directly or indirectly, in any manner or form whatsoever.

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

- a.** We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations; provided that:
 - (a) The accident takes place in the "coverage territory" and during the policy period;
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b.** We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

i. Clubs

If you are a club, to any of your members.

j. Medical Expenses

Arising from or in connection with any medical expenses for services by you, any of your employees or any person or organization under a contract to you to provide such services.

k. Fungi, Mold and Mildew

Arising out of fungi, including but not limited to, mold or mildew, and any microtoxins, spores, scents, vapors,

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gases, or byproducts produced or released by fungi, regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that liability, damage, loss, cost, expense or other type of obligation.

l. Lead

Arising out of, in whole or in part, the ingestion, inhalation, absorption or exposure to lead, either directly or indirectly, in any manner or form whatsoever.

m. Asbestos

Which arises out of or would not have occurred, in whole or in part, but for the "asbestos hazard."

As used in this exclusion, "asbestos hazard" means actual, alleged or threatened exposure to asbestos in any manner or form whatsoever, either directly or indirectly, the failure to warn, advise or instruct related to asbestos, the failure to prevent exposure to asbestos, or the presence of asbestos in any place whatsoever, whether or not within a building or structure.

n. Pollution

Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur.
 - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All costs taxed against the insured in the "suit".
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:

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- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
- (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
 - (2) "Property damage" to property:
 - (a) Owned, occupied or used by,
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by
 you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), ~~or any~~ organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
- (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an

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offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under **Coverage C**;
 - b. Damages under **Coverage A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under **Coverage B**.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under **Coverage A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under **Coverage B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraphs 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under **Coverage A**; and
 - b. Medical expenses under **Coverage C** because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under **Coverage A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to

you or temporarily occupied by you with permission of the owner. ~~See also 10/1/07~~

7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under **Coverage C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance apply to the policy period set forth in the Declarations or any endorsements thereto.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

Notice of an "occurrence" or an offense is not notice of a claim.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

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- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

This insurance is excess over any other valid and collectible insurance that applies to any claim or "suit" to which this insurance applies, whether such other insurance is written on a primary, excess, contingent or on any other basis (except if that other insurance is specifically written to apply excess of this insurance), and this insurance will not contribute with any other such insurance.

5. Premium Audit

- a. We will compute all premiums for this policy in accordance with our rules and rates.
- b. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will

compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this Insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the Insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair our rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

10. Cancellation

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- a. The First Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the First Named Insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the First Named Insured's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is cancelled, we will send the First Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the First Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

11. Changes

This policy contains all agreements between you and us concerning the insurance afforded. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

12. Inspection

We shall be permitted but not obligated to inspect, sample and monitor on a continuing basis the insured's property or operations, at any time. Neither our right to make inspections, sample and monitor nor the actual undertaking thereof nor any report thereon shall constitute an undertaking, on behalf of the insured or others, or determine or warrant that property or operations are safe, healthful or conform to acceptable engineering practice or are in compliance with any law, rule or regulation.

13. Named Insureds

- a. The First Named Insured is authorized to act on behalf of all ~~persons~~ ^{persons and} organizations insured under this policy with respect to all matters pertaining to the insurance afforded by the policy.

- b. Each Named Insured is jointly and severally liable for:

- (1) All premiums due under this policy; and
- (2) All obligations that arise due to the self-insured retention including claim expenses
- (3) Any other financial obligations of the Named Insured to us arising out of any agreements contained in this policy.

14. Transfer of Your Rights and Duties under this policy

Your rights and duties under this policy may not be transferred without our written consent, except in the case of death to an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

SECTION V - DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

- 2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

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3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or

c. All other parts of the world if the injury or damage arises out of:

(1) Goods or products made or sold by you in the territory described in Paragraph a. above;

(2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or

(3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

a. The repair, replacement, adjustment or removal of "your product" or "your work" or

b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

a. A written contract for a lease of premises. However, that portion of the written contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

b. A written sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. A written elevator maintenance agreement;

f. That part of any other written contract or written agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any written contract or written agreement.

Paragraph f. does not include that part of any written contract or written agreement:

(1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change

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orders or drawings and specifications; or

- (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above or supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or

- (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in Paragraphs a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
- (2) Cherry pickers and similar devices used to raise or lower workers;

- f. Vehicles not described in Paragraphs a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:

- (a) Snow removal;
- (b) Road maintenance, but not construction or resurfacing; or
- (c) Street cleaning;

- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or

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premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material, in any manner, that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

All "personal and advertising injury" arising out of the same or similar material, regardless of the mode in which such material is communicated, including but not limited to publication by means of Internet, extra-net, email or website, will be considered as arising solely out of one offense.

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard" means:

- a. All "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another

contractor or subcontractor working on the same project as the claimant

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. This does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

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- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b. Includes
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
 - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
22. "Your work":
- a. Means:
 - (1) Work or operations performed by you or on your behalf; and
 - (2) Materials, parts or equipment furnished in connection with such work or operations.
 - b. Includes
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - (2) The providing of or failure to provide warnings or instructions.

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100-225-100-10007

Signature Page

YOUR COMPLETE POLICY CONSISTS OF THE POLICY JACKET WITH THE COVERAGE FORMS, DECLARATIONS, AND ENDORSEMENTS, IF ANY.

IN WITNESS WHEREOF, Arch Specialty Insurance Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the company.

A handwritten signature in cursive script, reading "Ralph E. Jones III".

Ralph E. Jones III

President

A handwritten signature in cursive script, reading "Martin J. Nilsen".

Martin J. Nilsen

Secretary

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SCHEDULE OF FORMS AND ENDORSEMENTS

NAMED INSURED: SKANDIA CONSTRUCTION SERVICES, INC. & **TERM:** 2/28/2006 to 2/28/2008
 1515 PARTNERS, LLC AND ALL CONTRACTORS AND
 SUBCONTRACTORS "ENROLLED" IN THE OWNER OR
 CONTRACTOR CONTROLLED INSURANCE PROGRAM, AS
 DESCRIBED IN THE "CONSTRUCTION PROJECT ENDORSEMENT"
POLICY NUMBER: GAC 0013426 00

ENDT. NO.	FORM NO.	TITLE
	06 CGL0047 00 08 05	COMMERCIAL GENERAL LIABILITY POLICY DECLARATIONS
	00 ML0012 00 01 03	SCHEDULE OF FORMS AND ENDORSEMENTS
	06 CGL0098 00 07 03	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
	06 ML0002 00 07 03	SIGNATURE PAGE
	02 ML0003 00 08 02	SERVICE OF SUIT
1	00 CGL0127 00 08 04	LIMITED BLANKET ADDITIONAL INSURED ENDORSEMENT DEDUCTIBLE VERSION (NOT INCLUDING PRODUCTS- COMPLETED OPERATIONS)
2	02 CGL0018 00 10 02	INTELLECTUAL PROPERTY EXCLUSION
3	02 CGL0011 00 10 02	EARTH MOVEMENT OR SUBSIDENCE EXCLUSION
4	00 CGL0039 00 12 02	ENGINEERS, ARCHITECTS OR SURVEYORS PROFESSIONAL LIABILITY EXCLUSION
5	00 CGL0016 00 03 04	EXTERIOR INSULATION AND FINISH SYSTEM EXCLUSION
6	00 CGL0226 00 02 06	CROSS LIABILITY EXCLUSION FOR THE PRODUCTS- COMPLETED OPERATIONS HAZARD
7	00 CGL0141 00 03 04	SILICA EXCLUSION
8	00 CGL0092 00 05 03	CHROMATED COPPER ARSENATE ("CCA") EXCLUSION
9	02 CGL0023 00 10 02	TOTAL POLLUTION EXCLUSION
10	00 CGL0066 00 02 03	RADON CONTAMINATION EXCLUSION
11	00 CGL0117 00 12 03	NON-STACKING ENDORSEMENT
12	00 CGL0199 00 04 05	CONVERSION ENDORSEMENT - VERSION II A. AMENDMENT OF EXCLUSION J B. AMENDMENT OF EXCLUSION S
13	00 CGL0059 00 05 04	CONTRACTUAL LIABILITY AMENDATORY ENDORSEMENT - PRODUCTS/COMPLETED OPERATIONS EXCLUSION (DEDUCTIBLE POLICY VERSION)
14	00 CGL0069 00 02 03	APPLICATION AS WARRANTY CONDITION
15	00 CGL0136 00 01 04	SUPPLEMENTARY PAYMENTS REDUCE THE LIMITS OF INSURANCE: DEDUCTIBLE POLICY ENDORSEMENT
16	00 CGL0132 05 03 04	CALIFORNIA CIVIL CODE SECTION 895 - 945.5 PROCEEDINGS LIMITATION ENDORSEMENT
17	00 CGL0110 00 05 05	CONSTRUCTION PROJECT ENDORSEMENT - VERSION I
18	00 CGL0107 00 07 05	PREMIUM COMPUTATION ENDORSEMENT - DEDUCTIBLE POLICY - VERSION I
19	00 CGL0099 00 12 05	DEDUCTIBLE LIABILITY ENDORSEMENT
20	00 CGL0223 00 01 06	EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM
	00 MLT0031 00 02 06	TERRORISM COVERAGE DISCLOSURE NOTICE

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

It is agreed that in the event of the failure of this Company to pay any amount claimed to be due hereunder, this Company, at the request of the Insured, will submit to the jurisdiction of any Court of Competent Jurisdiction within the United States and will comply with all requirements necessary to give such Court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such Court.

It is further agreed that service of process in such suit may be made upon the highest one in authority bearing the title "Commissioner", "Director" or "Superintendent" of Insurance of the state or commonwealth wherein the property covered by this policy is located, and that in any suit instituted against it upon this contract this Company will abide by the final decision of such Court or any Appellate Court in the event of an appeal. The one in authority bearing the title "Commissioner", "Director" or "Superintendent" of Insurance of the state or commonwealth wherein the property covered by this policy is located is hereby authorized and directed to accept service of process on behalf of this Company in any such suit and/or upon the Insured's request to give a written undertaking to the Insured that they will enter a general appearance upon this Company's behalf in the event such a suit shall be instituted.

All other terms and conditions of this policy remain unchanged.

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

02 ML0003 00 08 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**LIMITED BLANKET ADDITIONAL INSURED ENDORSEMENT
DEDUCTIBLE VERSION
(NOT INCLUDING PRODUCTS-COMPLETED OPERATIONS)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SECTION II - WHO IS AN INSURED is amended to include as an additional insured those persons or organizations who are required under a written contract with the Named Insured to be named as an additional insured, but only with respect to liability arising out of your ongoing operations.

As used in this endorsement, the word "your" refers to the Named Insured.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 1

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0127 00 08 04

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INTELLECTUAL PROPERTY EXCLUSION

This insurance does not apply to and we will not have the duty to investigate or defend any suit brought against you, or pay any costs or expenses of such investigation and defense for liability, claims, damage or loss arising out of:

any "bodily injury", "property damage", or "personal and advertising injury" arising out of or directly or indirectly related to the actual or alleged publication or utterance or oral or written statements which are claimed as an infringement, violation or defense of any of the following rights or laws:

1. copyright, other than infringement of copyrighted advertising materials;
2. patent;
3. trade secrets;
4. trade dress; or
5. trade mark or service mark or certification mark or collective mark or trade name, other than trademarked or service marked titles or slogans.

All other terms and conditions of this policy remain unchanged.

Endorsement Number:2

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

02 CGL0018 00 10 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTH MOVEMENT OR SUBSIDENCE EXCLUSION

This insurance does not apply to and we will not have the duty to investigate or defend any suit brought against you, or pay any costs or expenses of such investigation and defense for liability, claims, damage or loss arising out of:

the subsidence, settling, sinking, slipping, falling away, caving in, shifting, eroding, consolidating, compacting, flowing, rising, tilting or any other similar movement of earth or mud, regardless of whether such movement is a naturally occurring phenomena or is man-made.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 3

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ENGINEERS, ARCHITECTS OR
SURVEYORS PROFESSIONAL LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

COMMERCIAL GENERAL LIABILITY SELF-INSURED RETENTION COVERAGE FORM

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional services by you or any engineer, architect or surveyor who is either employed by you or performing work on your behalf in such capacity.

Professional services include:

1. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
2. Supervisory, inspection, architectural or engineering activities.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 4

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426.00

Named Insured:

Endorsement Effective Date:

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**EXTERIOR INSULATION AND FINISH SYSTEM EXCLUSION**

This insurance does not apply to and we will not have the duty to investigate or defend any suit brought against you, or pay any costs or expenses of such investigation and defense for liability, claims, damage or loss arising out of:

1. "bodily injury", "property damage", or "personal and advertising injury" caused directly or indirectly, in whole or in part, by the design, manufacture, construction, fabrication, preparation, installation, application, maintenance or repair, including remodeling, service, correction, or replacement, of an "exterior insulation and finish system" or any part thereof, any substantially similar system or any part thereof, including the application or use of conditioners, primers, accessories, flashings, coatings, caulking or sealants in connection with such a system; or
2. Any moisture-related or dry rot related "property damage" to a house or other building to which an "exterior insulation and finish system" has been applied, if that "property damage" is caused directly or indirectly, in whole or in part, by the "exterior insulation and finish system";

Regardless of any other cause or event that contributed concurrently or in any sequence to that injury or damage.

For the purposes of this endorsement, an "exterior insulation and finish system" means an exterior cladding or finish system applied to a house or other building, and consisting of:

- a) A rigid or semi-rigid sheathing or insulation board, including gypsum-based, wood-based, or insulation-based materials; and
- b) The adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; and
- c) A reinforcing mesh that is embedded in a base coat applied to the insulation board; and
- d) A finish coat providing surface texture and color.

However, an "exterior insulation and finish system" does not include a cement-based, polymer-enhanced stucco cladding system which:

- a) Incorporates a weather -resistive barrier pursuant to applicable building codes ; and
- b) Incorporates ribbed insulation sheathing with ribs aligned vertically to provide drainage; and
- c) The manufacturer of the stucco components has a valid ICBO Evaluation Services Listing in good standing; and
- d) There is no mixing of different manufacturer's products for the stucco system

So long as that cement-based, enhanced stucco cladding system satisfies all requirements of the applicable model building code and the applicable local building code.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 5

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0016 00 03 04

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CROSS LIABILITY EXCLUSION FOR THE
PRODUCTS-COMPLETED OPERATIONS HAZARD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY SELF-INSURED RETENTION COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to any claim, "suit" or demand made, or asserted by or on behalf of one Named Insured against another Named Insured that alleges "bodily injury" or "property damage" included within the "products-completed operations hazard".

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 6

Policy Number: GAC 0013426 00

Named Insured:

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date:

00 CGL0226 00 02 06

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA EXCLUSION

This policy does not apply to:

Any claim, "suit," demand or loss that alleges "bodily injury," "property damage," or "personal and advertising injury" (including but not limited to, compliance with any request, demand, order, or statutory or regulatory requirement or any other action authorized or required by law), including any costs, fees, expenses, penalties, judgments, fines, or sanctions arising therefrom, which arises out of, or relates to, in whole or in part, the "silica hazard" or would not have occurred, in whole or in part, but for the "silica hazard".

As used in this exclusion, "silica hazard" means:

- (1) actual, alleged or threatened exposure to "silica" either directly or indirectly, or
- (2) the actual or alleged failure to warn, advise or instruct related to "silica", or
- (3) the actual or alleged failure to prevent exposure to "silica", or
- (4) the actual or alleged presence of "silica" whether or not within a building or structure.

As used in this exclusion, "silica" means any substance, regardless of its form or state, containing silicon, including but not limited to silicon, silica, silicates and silicone.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 7

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0141 00 03 04

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHROMATED COPPER ARSENATE ("CCA") EXCLUSION

This insurance does not apply to and we will not have the duty to investigate or defend any suit brought against you, or pay any costs or expenses of such investigation and defense for liability, claims, damage or loss arising out of any product treated with, preserved with, or containing chromated copper arsenate ("CCA").

All other terms and conditions of this Policy remain unchanged.

Endorsement Number:8

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0092 00 05 03

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL POLLUTION EXCLUSION

Exclusion 2. f. of SECTION 1- COVERAGES- COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE is deleted and replaced by the following:

f. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time, from any site, premises or location. This exclusion includes but is not limited to:

Any loss, cost, or expense arising out of any:

- a) Request, demand, or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants"; or
- b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to or assessing the effects of "pollutants".

All other terms and conditions of this policy remain unchanged.

Endorsement Number:9

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

02 CGL0023 00 10 02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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RADON CONTAMINATION EXCLUSION

This insurance does not apply to and we will not have the duty to investigate or defend any suit brought against you, or pay any costs or expenses of such investigation and defense for liability, claims, damage or loss arising out of the presence, ingestion, inhalation or absorption of radon in any form.

All other terms and conditions of this policy remain unchanged.

Endorsement Number:10

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0086 00 02 03

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-STACKING ENDORSEMENT

If any "occurrence" or offense covered under this policy is also covered in whole or part under any other commercial general liability policy issued to you by us, (or any of our related or affiliated companies), including but not limited to prior policies issued to you by us, (or any of our related or affiliated companies), the most we will pay under all such policies covering the occurrence or offense is the single highest available applicable limit of liability of one of the policies which cover the "occurrence" or offense. This provision does not apply to policies written by us, (or any of our related or affiliated companies), as insurance that applies excess of this policy.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 11

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0117 00 12 03

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONVERSION ENDORSEMENT - VERSION II

A. AMENDMENT OF EXCLUSION J

B. AMENDMENT OF EXCLUSION S

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. AMENDMENT OF EXCLUSION J - DAMAGE TO PROPERTY

It is agreed that subparagraph (2) of exclusion j. Damage To Property (in SECTION 1 COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions) is deleted.

B. AMENDMENT OF EXCLUSION S - PRIOR LOSS

It is agreed that exclusion s. Prior Loss (in SECTION 1 - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2 Exclusions) is deleted and replaced with the following exclusion:

s. Prior Loss

Any "bodily injury" or "property damage", if such injury or damage is a continuation of, arises out of or relates to injury or damage that:

- (1) commenced; and
- (2) was known by any insured

prior to the Effective Date of this Policy.

Endorsement Number: 12

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY:

**CONTRACTUAL LIABILITY AMENDATORY ENDORSEMENT –
PRODUCTS/COMPLETED OPERATIONS EXCLUSION**

(DEDUCTIBLE POLICY VERSION)

It is agreed that the following subparagraph is added to **SECTION V – DEFINITIONS**, item 9. "Insured Contract", paragraph f.:

Paragraph f. does not include that part of any written contract or written agreement:

- (4) Under which you assume liability for injury or damage which arises out of the "products-completed operations hazard".

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 13

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0059 00 05 04

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

APPLICATION AS WARRANTY CONDITION

By acceptance of this policy, the Named Insured agrees that the statements in the application attached hereto and made part hereof, are true and correct representations, that each representation shall be deemed material, that this policy and all endorsements issued or to be issued are done so in reliance upon the truth of such representations.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 14

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0069 00 02 03

05/07/2007 12:28 PM CCFCF_505

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SUPPLEMENTARY PAYMENTS REDUCE THE LIMITS OF INSURANCE:
DEDUCTIBLE POLICY ENDORSEMENT**

It is hereby understood and agreed that "SUPPLEMENTARY PAYMENTS – COVERAGES A AND B" within "SECTION I – COVERAGES", is amended as follows:

The provision:

"These payments will not reduce the limits of insurance."

is deleted in its entirety and is replaced with the following provision:

"These payments will reduce the limits of insurance."

It is hereby further understood and agreed that "SECTION III – LIMITS OF INSURANCE" is amended to include the following provision:

All Limits of Insurance are reduced by the payment of of those amounts set forth within "SUPPLEMENTARY PAYMENTS – COVERAGES A AND B" within "SECTION I – COVERAGES".

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 15

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0136 00 01 04

Page 1 of 1

05/07/2007 12:28 PM CCFCF_505

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CALIFORNIA CIVIL CODE SECTION 895 – 945.5 PROCEEDINGS LIMITATION
ENDORSEMENT**

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

- 1) The following exclusion is added to **SECTION I COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions:**

Exclusion For California Civil Code Section 895 – 945.5 Proceedings

Any and all sums paid or incurred in connection with, or arising out of any claim against any insured made pursuant to the procedures described in California Civil Code, Sections 895 through 945.5, except where:

- a. we receive prompt written notice of any such claim that an insured receives pursuant to California Civil Code, Sections 895 through 945.5; and
- b. such claim is for "property damage" otherwise covered by this policy.

- 2) The following paragraph is added to **SECTION I COVERAGES, SUPPLEMENTARY PAYMENTS—COVERAGE A AND B, subparagraph 1. a.:**

However, we will not pay expenses that are paid or incurred in connection with the procedures described in California Civil Code, Sections 895 through 945.5.

This limitation does not apply if the requirements described in a. and b. of item 1) of this endorsement are met.

- 3) The following statement is added to definition **18., "Suit"** (in **SECTION V – DEFINITIONS**):

"Suit" does not include any of the procedures described in the California Civil Code, Sections 895 through 945.5.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 16

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

06/07/2007 12:28 PM CCFCF_505

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**CONSTRUCTION PROJECT ENDORSEMENT – VERSION I**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Project Schedule

1. Name of Project:	SOLARA LOFTS
2. Term of Project:	02/28/06 - 02/28/08
3. Description of Project:	CONDO CONVERSION: 77 CONDO UNITS, ONE BUILDING, 8 STORIES, CONCRETE STEEL CONSTRUCTION.
4. Sponsor or Organizer of Project:	CRAIG GUSTAFSON
5. Location of Project:	1551 FOURTH AVENUE, SAN DIEGO, CA

- A. This policy applies only to "bodily injury", "property damage" or "personal and advertising injury" arising out of construction operations at the project shown in the above **Project Schedule**, hereafter referred to as the Project, subject to the terms and conditions of this endorsement and the policy to which it is attached.
- B. The Named Insured in Item 1 of the Declarations is amended to include all licensed contractors that are "enrolled" in the Owner or Contractor Controlled Insurance Program for the Project by the Sponsor or Organizer of the Project. However, such "enrollment" must take place prior to any "occurrence" or offense for which coverage is sought under this Policy.
- C. Except with respect to the **LIMITS OF INSURANCE**, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:
1. As if each Named Insured were the only Named Insured; and
 2. Separately to each insured against whom claim is made or "suit" is brought.
- D. The following exclusion is added to **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:
- This insurance does not apply to "property damage" to the Project or any part of the Project that occurs during the course of construction. The Project or any part of the Project will be deemed to be within the course of construction until the Project is deemed completed in accordance with subparagraph E. 2. of this endorsement.
- E. The definition of "products-completed operation hazard" is deleted and replaced by the following:
1. "Products-completed operations hazard" includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:
 - a. Products that are still in your physical possession; or
 - b. Work that has not yet been completed or abandoned.
 2. "Your work" will be deemed completed at the earliest of the following times:

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- a. Completion and acceptance of the entire Project by all parties designated in its construction agreement;
- b. When all of the work to be done at the job site has been completed if the Project calls for work at more than one job site;
- c. When that part of the work done at the Project has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

F. Insurance for "bodily injury" and "property damage" is subject to limited coverage extensions as follows:

1. This insurance is extended for an additional period of time with respect to liability for "bodily injury" or "property damage" included in the "products - completed operations hazard". This coverage extension shall commence as of:

- a. the time that "your work" is deemed completed, as described in subparagraph E. 2. of this endorsement; or
- b. the Expiration Date shown in the Declarations of this Policy,

whichever comes first. This coverage extension period will be equal to the applicable statute of limitations for any claim or "suit" for such "bodily injury" or "property damage" as provided by the controlling law of the jurisdiction where the claim or "suit" is brought or filed. However, such extension will not exceed ten (10) years from the date "your work" is deemed completed as defined in subparagraph E. 2. of this endorsement.

2. This insurance is extended for an additional period of time with respect to liability for "bodily injury" or "property damage" arising out of "repair work". This extension shall commence as of:

- a. the date that "your work" is deemed completed as defined in subparagraph E. 2. above; or
- b. the Expiration Date shown in the Declarations of this Policy,

whichever comes first. This coverage extension period shall end as of the expiration of any express warranty or statutory time period for such "repair work". However, such extension will not exceed ten (10) years from the date "your work" is deemed completed as defined in subparagraph E. 2. of this endorsement.

Any such express warranty must be in effect before the occurrence of any such "bodily injury" or "property damage" arising out of the "repair work" and must be performed by a licensed contractor who was "enrolled" in the Project during the "policy period".

This coverage extension does not apply to liability included in the "products-completed operations hazard".

3. The **LIMITS OF INSURANCE** for the policy period continue to apply and are not separate or different from, increased with respect to, or reinstated for, the coverage extension periods referred to in subparagraphs F. 1. or F. 2. above.
4. If this policy is cancelled by you for any reason, or by us for non-payment of premium or material misrepresentation, prior to the point in time that "your work" is deemed completed (as described in

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subparagraph E. 2. of this endorsement) then neither the "products – completed operations hazard" extension described in F. 1. nor the "repair work" extension described in F. 2. will apply.

5. We may cancel the insurance provided by the coverage extensions described herein if you fail to pay any additional premium due to us as determined by a premium audit.
- G. Paragraph 4. Other Insurance of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is deleted and replaced by the following:

This insurance is primary and non-contributory with respect to the Project, unless other insurance is written specifically to apply to the same Project on a primary basis, in which case this insurance will share in equal shares with that other insurance.

- H. **COVERAGE C MEDICAL PAYMENTS** in **SECTION I COVERAGES** is hereby deleted in its entirety.

- I. The following definitions are added to **SECTION V – DEFINITIONS**:

1. "Policy period" means the period of time from the Effective Date shown in the Declarations to the earlier of the Expiration Date shown in the Declarations or if cancelled, the effective date of cancellation.
2. "Repair work" means the repair, correction or replacement of "your work" that is performed after the time that "your work" is deemed completed as described in subparagraph E. 2. of this endorsement and pursuant to the requirements of an express warranty or statute authorizing such work.
3. "Enrolled" and "enrollment" means the authorized participation in the Owner or Contractor Controlled Insurance Program for the Project, as confirmed by and commencing at the earlier of the following:
 - (a) The signing of a written contract or agreement by a Named Insured (as described in part B of this endorsement) for work that is part of the Project, if such contract or agreement stipulates "enrollment"; or
 - (b) The issuance of a certificate evidencing "enrollment" by the Sponsor or Organizer of the Project or by someone authorized by the Sponsor or Organizer to issue such certificates.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 17

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0110 00 05 05

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

SC 015-007-00007

**PREMIUM COMPUTATION ENDORSEMENT-
DEDUCTIBLE POLICY - VERSION I**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

1. The Deposit Premium set forth in Item 4 of the Declarations is adjustable, and is only an estimated premium for the Audit Period shown below.

The final earned premium for the Audit Period shall be determined as specified in Item 5 Premium Audit of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**. The Audit Premium shall be computed by applying the Rate of \$93.75 per each \$1,000 of the Premium Base identified in 2 below. Such Rate is net of any taxes, licenses, or fees. However, the final premium calculation for the policy period shall be no less than the Minimum Retained Audit Premium as stated in Item 4 the Declarations.

Unless otherwise specified in this Policy, the Audit Period will be the same as the policy period; or if this policy is cancelled, the Audit Period will be from the Effective Date of the policy to the effective date of cancellation.

2. The Premium Base shall be identified in (A) and (B) below:

(A) PREMIUM BASE

- ☐ Gross "sales" excluding "aircraft products"
- ☐ "intercompany sales" and
- ☐ "foreign sales".
- ☐ "Payroll" as determined immediately below:
- ☐ Gross Unmodified "Payroll"
- ☐ Workers Compensation Payroll"
- ☐ Workers Compensation Payroll" excluding:
- (1) "Clerical Office Employees"
- (2) "Salesmen, Collectors, Messengers"
- (3) Drivers and their helpers if principal duties are to work on or in connection with "autos"
- ☒ Other (Describe) TOTAL CONSTRUCTION COSTS
- Estimated Exposures \$8,000,000

(B) SPECIFIC DELETIONS FROM PREMIUM BASE, IF ANY:

- ☐ Designated Products: _____
- ☐ Designated Operations: _____

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☐ Other: _____

3. The following paragraph g is added to condition 10 Cancellation (in **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**):

- g. If this policy is cancelled, the Minimum Retained Audit Premium shown in Item 4 of the Policy Declarations will be pro-rated commensurate with the resulting coverage period, and that pro-rated amount will be the new Minimum Retained Audit Premium. Notwithstanding the premium calculation determined by a premium audit, the amount of the Deposit Premium that we retain shall be no less than the pro-rated Minimum Retained Audit Premium. In the event that the First Named Insured cancels the policy, then the amount of the Deposit Premium that we retain shall be no less than the pro-rated Minimum Retained Audit Premium, or the Minimum Retained Premium shown in Item 4 of the Policy Declarations, whichever is greater.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 18

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0107 00 07 05

Page 2 of 2

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**DEDUCTIBLE LIABILITY ENDORSEMENT**

-60-405-00-0000

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM**Schedule**

1. Specific coverages to which a deductible(s) applies and amount of deductible(s):

<u>Coverage</u>	<u>Amount of Deductible</u>
<input checked="" type="checkbox"/> All coverages.....	\$ 50,000
<input type="checkbox"/> Products/Completed Operations.....	\$ _____
<input type="checkbox"/> All coverages other than Products/Completed Operations	\$ _____

2. The deductible applies to:

- ☒ Damages and Supplementary Payments
☐ Damages Only

3. A Deductible Aggregate applies as follows:

- ☐ The deductible(s) shown in item 1 of this Schedule is subject to a Deductible Aggregate amount of \$ _____. The Deductible Aggregate is subject to adjustment upwards based on a rate of \$ _____ per _____. Such adjustment will be made on a pro-rata basis in the proportion that the final exposure base for the policy period bears to the estimated exposure base as of the Effective Date of this policy, which is \$ _____. Subject to the foregoing, once the loss payments actually paid by us, and reimbursed by you to us, equals the Deductible Aggregate amount, your deductible(s) (shown in item 1. above) will be reduced to \$ _____.

(If no Deductible Aggregate is shown, then there is no aggregate on the cumulative amount of deductible payments for which the insured is responsible.)

Application of the Deductible Liability Endorsement

The deductible(s) set forth in the Schedule apply to damages and Supplementary Payments, (or damages only if the appropriate box is checked in the Schedule), on a per-"occurrence" or per-offense basis. The insured is responsible for payment of the deductible(s).

The insured is responsible for all payments within the deductible amount. Subject to the Limits of Insurance and all other terms and conditions for this policy, our obligation to pay damages and expenses on your behalf applies only to the amount of damages and expenses in excess of the deductible amounts set forth in the Schedule. We may pay part or the entire deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount that has been paid by us.

The Limits of Insurance are not increased by the presence of a deductible.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 19

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0099 00 12 05

05/07/2007 12:29 PM CCFCF_505

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**EXCLUSION OF TERRORISM INVOLVING
NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM**

This endorsement modifies insurance provided under this policy.

A. The following definitions are added and apply under this endorsement whenever the term terrorism, or the phrase any injury or damage, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:
 - a. That involve the following or preparation for the following:
 - (1) use or threat of force or violence; or
 - (2) commission or threat of a dangerous act; or
 - (3) commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
 - b. When:
 - (1) the effect is to intimidate or coerce a government or a civilian population or any segment thereof, or to disrupt any segment of the economy; and/or
 - (2) it appears that the intent is to intimidate or coerce a government or a civilian population, or to further a philosophical, political, ideological, religious, social or economic objective or to express (or express opposition to) a philosophical, political, ideological, religious, social or economic objective.
2. "Any injury or damage" means any injury or damage covered under this policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in this policy.

B. The following exclusion is added:

**EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL
TERRORISM**

This insurance does not apply to any claim, "suit", demand, or loss that alleges "any injury or damage" that, in any way, in whole or in part, arises out of, relates to or results from "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" involves the use, release, or escape of nuclear materials, or that directly or indirectly results in nuclear reaction, nuclear radiation or radioactive contamination; or

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4. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

In the event of any incident of "terrorism" that is not subject to this Exclusion, coverage does not apply to "any injury or damage" that is otherwise excluded under this policy.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 20

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC 0013426 00

Named Insured:

Endorsement Effective Date:

00 CGL0223 00 01 06

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TERRORISM COVERAGE DISCLOSURE NOTICE**TERRORISM COVERAGE PROVIDED UNDER THIS POLICY**

The Terrorism Risk Insurance Act of 2002 and amendments thereto established a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. The Act provides that, to be certified, an act of terrorism must cause losses that exceed five million dollars. The act of terrorism must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States.

In accordance with the Terrorism Risk Insurance Act of 2002 and amendments thereto, we are required to offer you coverage for losses resulting from an act of terrorism that is **certified under the federal program** as an act of terrorism committed by an individual(s) acting on behalf of a foreign person or foreign interest. The policy's other provisions will still apply to such an act. **This offer does not include coverage for incidents of nuclear, biological, chemical, or radiological terrorism which will be excluded from your policy.** Your decision is needed on this question: do you choose to pay the premium for terrorism coverage stated in this offer of coverage, or do you reject the offer of coverage and not pay the premium? You may accept or reject this offer.

If your policy provides commercial property coverage, in certain states, statutes or regulations may require coverage for fire following an act of terrorism. In those states, if "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to Legal Liability coverage forms or Leasehold Interest coverage forms.

Your premium will include the additional premium for terrorism as stated in the section of this Notice titled **DISCLOSURE OF PREMIUM.**

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% in 2006 and 85% in 2007 of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

DISCLOSURE OF PREMIUM

Your premium for terrorism coverage is: \$0
(This charge/amount is applied to obtain the final premium.)

You may choose to reject the offer by signing the statement below and returning it to us. Your policy will be changed to exclude the described coverage. If you chose to accept this offer, this form does not have to be returned.

REJECTION STATEMENT

I hereby decline to purchase coverage for certified acts of terrorism. I understand that an exclusion of certain terrorism losses will be made part of this policy.

Skandia Construction Services, Inc. & 1515
Partners, LLC and All Contractors and
Subcontractors "Enrolled" in the Owner or
Contractor Controlled Insurance Program, as
described in the "Construction Project
Endorsement"
Named Insured

Policyholder/Legal Representative/Applicant's
Signature

Print Name of Policyholder/Legal
Representative /Applicant

Arch Specialty Insurance Company
Insurance Company

Date:

Policy Number: GAC0013426-00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION OF WRAP COVERAGE EXTENSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

In accordance with the provisions of this policy and the Notice of Cancellation of Insurance that was mailed to you, the coverage extension(s) set forth in paragraph F. of the Construction Project Endorsement which forms a part of this policy, is cancelled effective 01/31/2010.

There is no return premium due.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 21

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number: GAC0013426-00

Named Insured: Skandia Construction Services, Inc. & 1515 Partners, LLC

Endorsement Effective Date: 01/31/2010

EXHIBIT B



Insuring Company

- ☐ Arch Insurance Company
☒ Arch Specialty Ins. Co.
☐ Arch Excess & Surplus Ins. Co.

PREMIUM AUDIT ADJUSTMENT STATEMENT

Policy Number GAC001342800	Policy Period 02/28/06 - 02/28/08	Audit Period 02/28/06 - 02/28/08	Audit Type PHYSICAL
Statement Date 07/07/09	Agent's Code Number 10115	Audit Term OTHER	Audit Vendor PYRAMID

Insured

SKANDIA CONSTRUCTION SERVICES, INC. &
 1515 PARTNERS, LLC AND ALL
 CONTRACTORS AND SUBCONTRACTORS
 "ENROLLED" IN THE OWNER OR CONTRACTOR
 CONTROLLED INSURANCE PROGRAM, AS
 DESCRIBED IN THE CONSTRUCTION
 PROJECT ENDORSEMENT
 514 VIA DE LA VALLE, SUITE 300
 SOLANA BEACH, CA 92075

Agent

PACIFIC WHOLESALE BROKERS, INC.
 3500 WEST OLIVE AVENUE
 SUITE 900
 BURBANK, CA 91505

Description of Classification	Class Code	Exposure	General Liability		Surcharges	
			Rate	Premium	Rate	Premium
<u>GENERAL LIABILITY</u>						
CONSTRUCTION COSTS		10,777,814	\$ 93.75	1,010,401.00		
Total Earned Premiums			1,010,401.00			
Deposit and/or Interim Reported Premiums			750,000.00			
Difference			260,401.00			
Additional						
Return						
Net Premium Adjustment			Additional		260,401.00	
			Return			

MS

EXHIBIT C



www.archinsurance.com

Arch Insurance Group
300 - Plaza Three
Jersey City, NJ 07311-1107

T 201.743.4000
F 201.743.4005

September 29, 2009

Skandia Construction Services, Inc & 1515 Partners LLC
514 Via De La Velle
Suite 300
SOLANA BEACH, CA 92075

RE: Policy #: GAC001342600
Policy Period: 2/28/2006 to 2/28/2008
Outstanding Premium: \$260,401.00
Type of Insurance Coverage: Wrap-Ups

Dear Sir or Madam,

Please be advised that the outstanding premium for the above mentioned account is now past due. Your broker Pacific Wholesale Brokers, LLC has not remitted payment on your outstanding balance, and this matter is now in our office for collections. Please pay the total amount due of \$260,401.00 to Arch Specialty Insurance Company by 10/20/2009. Payment should be sent to the following address:

Bank of America
Arch Specialty Insurance Company
P.O. Box 504300
St. Louis, MO 63150-4300

Arch realizes errors and/or miscommunications may occur. If this is the case please contact me at (201) 743-4021 immediately to bring any discrepancy to our attention. If the referenced premium outstanding is correct, please remit payment immediately. Arch Specialty Insurance Company appreciates your prompt attention in the resolution of this matter.

Sincerely,

Therese Remo
Financial Analyst
Arch Insurance Group
300 Plaza Three, 3rd Fl
Jersey City, NJ 07311
Direct: 201-743-4021
tremo@archinsurance.com

EXHIBIT D

08/01/2008 02:18 PM 818C8_9408

www.archinsurance.com



One Liberty Plaza
53rd Floor
New York, NY 10006

T 212.651.6500
F 212.651.6499

July 15, 2008

Greg Blackwell, Inc.
715 North 1st Street, Suite 30
San Jose, CA 95112

RE: Policy #: 72GAC1480700
Policy Period: 03/22/04 to 12/31/07
Outstanding Premium: \$353,047.00
Type of Insurance Coverage: Wrap - Ups

Dear Sir or Madam,

Please be advised that the outstanding premium for the above mentioned account is now past due. Your broker, American E & S Insurance Brokers California, Inc., has not remitted payment on your outstanding balance, and this matter is now in our office for collections. Please pay the total amount due of \$353,047.00 to Arch Specialty Insurance Company by August 5, 2008. Payment should be sent to the following address:

Bank of America
Arch Specialty Insurance Company
P.O. Box 504300
St. Louis, MO 63150-4300

Arch realizes errors and/or miscommunications may occur. If this is the case please contact me at (646)563-6246 immediately to bring any discrepancy to our attention. If the referenced premium outstanding is correct, please remit payment immediately. Arch Specialty Insurance Company appreciates your prompt attention in the resolution of this matter.

Sincerely,

A handwritten signature in cursive script that reads "Belvenia Davis". The signature is written in dark ink and is positioned above the printed name and title.

Belvenia Davis | Financial Analyst
Arch Insurance Group
One Liberty Plaza, 17th Floor, New York, NY 10006
Tel: 646-563-6341 Fax (646) - 746-8106
Email: BDavis@archinsurance.com

JS 44 (Rev. 12/07)

CIVIL COVER SHEET

FILED

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

ARCH SPECIALTY INSURANCE COMPANY

(b) County of Residence of First Listed Plaintiff Nebraska
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Joseph Rimac(723810); William Reilly(177550); RIMAC MARTIN,
PC, 1051 Divisadero St., San Francisco, CA 94115; 415-561-8440

DEFENDANTS

SKANDIA CONSTRUCTION SERVICES, INCORPORATED
PARTNERS, LLC

County of Residence of First Listed Defendant Carlsbad, CA
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE
LAND INVOLVED.

Attorneys (If Known)

10CV 1764

BTM BLM

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
☐ 2 U.S. Government Defendant
☐ 3 Federal Question (U.S. Government Not a Party)
☒ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|---------------------------------------|---------------------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input checked="" type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input checked="" type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input checked="" type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes

V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
☐ 2 Removed from State Court
☐ 3 Remanded from Appellate Court
☐ 4 Reinstated or Reopened
☐ 5 Transferred from another district (specify)
☐ 6 Multidistrict Litigation
☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C. section 1332

Brief description of cause:
Breach of Ins. Contract - collection of premium

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23
DEMAND \$
260,401.00

CHECK YES only if demanded in complaint:

JURY DEMAND: ☐ Yes ☒ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

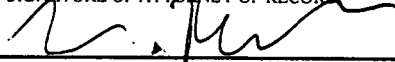
JUDGE

DOCKET NUMBER

DATE

08/20/2010

SIGNATURE OF ATTORNEY OF RECORD



FOR OFFICE USE ONLY

RECEIPT #

17259

AMOUNT

\$350-

APPLYING IFP

JUDGE

MAG. JUDGE

CR

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**Authority For Civil Cover Sheet**

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) **County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) **Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553
Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

Court Name: USDC California Southern
Division: 3
Receipt Number: CAS017259
Cashier ID: bhartman
Transaction Date: 08/24/2010
Payer Name: RIMAC MARTIN

CIVIL FILING FEE

For: ARCH SPECIALTY V SKANDIA CONST
Case/Party: D-CAS-3-10-CV-001764-001
Amount: \$350.00

CHECK

Check/Money Order Num: 020591
Amt Tendered: \$350.00

Total Due: \$350.00
Total Tendered: \$350.00
Change Amt: \$0.00

There will be a fee of \$45.00
charged for any returned check.